

20 JUL 2022

Fitch Upgrades PartnerRe Following Acquisition by Covea; Outlook Stable

Fitch Ratings - Chicago - 20 Jul 2022: Fitch Ratings has upgraded PartnerRe Ltd.'s (PRE) Issuer Default Rating (IDR) to 'A' from 'A-' and senior unsecured debt ratings to 'A-' from 'BBB+'. Fitch has also upgraded the Insurer Financial Strength (IFS) rating of Partner Reinsurance Company Ltd., the company's principal reinsurance operating subsidiary, to 'AA-' (Very Strong) from 'A+' (Strong), and removed all ratings from Rating Watch Positive. The Rating Outlook is Stable.

Key Rating Drivers

Fitch's upgrade follows the recently completed acquisition of PRE by Covea Cooperations S.A., a French mutual insurer, from EXOR N.V. for total cash consideration of \$9.1 billion (EUR7.9 billion). EXOR purchased PRE for \$6.9 billion in March 2016.

The upgrade reflects a one-notch ratings uplift due to the change in ownership to Covea. Fitch does not maintain public ratings on Covea but does internally monitor the company's consolidated credit quality, which Fitch considers to be superior to PRE's standalone 'A+' IFS assessment. As such, ownership by Covea, a larger property/casualty (P/C), health and life insurance organization, benefits PRE's ratings under a group credit approach. Fitch viewed EXOR's ownership as neutral to PRE's ratings and as less strategic than the new ownership by Covea.

Fitch views PRE's strategic importance to Covea as "Very Important" per Fitch's group rating methodology as PRE's size makes it a significant addition to Covea with potential synergies with the larger insurance group as a whole. Furthermore, this assessment could improve to "Core" after a period of seasoning under Covea ownership. PRE provides Covea diversification outside of France, as Covea maintains a leading market position in French P/C, but has minimal global reinsurance business. PRE writes a diverse international mix of property, casualty, specialty, and life and health reinsurance products.

Fitch expects Covea to offer reasonable support to PRE as needed and to conservatively manage the reinsurers' capitalization. Fitch also expects PRE to continue to manage its operations generally independent of Covea, as PRE had done under EXOR ownership.

RATING SENSITIVITIES

Factors that could, individually or collectively, lead to negative rating action/downgrade:

--Deterioration in Fitch's view of Covea's consolidated credit quality; weakening in PRE's strategic importance to Covea to 'Limited Importance';

--Decline in PRE's standalone IFS assessment to 'A-' or lower as evidenced by sustained reported combined ratios above 105%; failure to maintain at least a 'Strong' Prism score; an FLR above 30%;

--Hybrid securities ratings could also be lowered by one notch to reflect higher nonperformance risk should Fitch view Bermuda's regulatory environment as becoming more restrictive in its supervision of (re)insurers with respect to hybrid features.

Factors that could, individually or collectively, lead to positive rating action/upgrade:

--Improvement in Fitch's view of Covea's consolidated credit quality, while PRE maintains a strategic importance to Covea of at least 'Important'.

Best/Worst Case Rating Scenario

International scale credit ratings of Financial Institutions and Covered Bond issuers have a best-case rating upgrade scenario (defined as the 99th percentile of rating transitions, measured in a positive direction) of three notches over a three-year rating horizon; and a worst-case rating downgrade scenario (defined as the 99th percentile of rating transitions, measured in a negative direction) of four notches over three years. The complete span of best- and worst-case scenario credit ratings for all rating categories ranges from 'AAA' to 'D'. Best- and worst-case scenario credit ratings are based on historical performance. For more information about the methodology used to determine sector-specific best- and worst-case scenario credit ratings, visit <https://www.fitchratings.com/site/re/10111579>

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG Considerations

Unless otherwise disclosed in this section, the highest level of ESG credit relevance is a score of '3'. This means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. For more information on Fitch's ESG Relevance Scores, visit www.fitchratings.com/esg

Fitch Ratings Analysts

Brian Schneider, CPA, CPCU, ARe

Senior Director

Primary Rating Analyst

+1 312 606 2321

Fitch Ratings, Inc. One North Wacker Drive Chicago, IL 60606

Christopher Grimes, CFA

Director

Secondary Rating Analyst

+1 312 368 3263

Jeffrey Mohrenweiser, CFA, FSA








Senior Director
Committee Chairperson
+1 312 368 3182

Media Contacts

Sandro Scenga

New York
+1 212 908 0278
sandro.scenga@thefitchgroup.com

Rating Actions

ENTITY/DEBT	RATING	RECOVERY	PRIOR
PartnerRe Finance B LLC			
• senior unsecured ^{LT}	A-	Upgrade	BBB+ 
• junior subordinated ^{LT}	BBB+	Upgrade	BBB 
Partner Reinsurance Company Ltd.	Ins Fin Str AA- 	Upgrade	A+ 
PartnerRe Ltd.	LT IDR A 	Upgrade	A- 
• preferred ^{LT}	BBB+	Upgrade	BBB 

ENTITY/DEBT	RATING	RECOVERY	PRIOR
• junior subordinated LT	BBB+	Upgrade	BBB ◊
PartnerRe Ireland Finance DAC			
• senior unsecured LT	A-	Upgrade	BBB+ ◊

RATINGS KEY OUTLOOK WATCH

POSITIVE	⊕	◊
NEGATIVE	⊖	◊
EVOLVING	◊	◆
STABLE	○	

Applicable Criteria

[Insurance Rating Criteria \(pub.15 Jul 2022\) \(including rating assumption sensitivity\)](#)

Additional Disclosures

[Solicitation Status](#)

Endorsement Status

Partner Reinsurance Company Ltd.	EU Endorsed, UK Endorsed
PartnerRe Finance B LLC	EU Endorsed, UK Endorsed
PartnerRe Ireland Finance DAC	EU Endorsed, UK Endorsed

PartnerRe Ltd.

EU Endorsed, UK Endorsed

Non-Participating Unsolicited Issuers

PartnerRe Ltd.

Partner Reinsurance Company Ltd.

PartnerRe Ireland Finance DAC

PartnerRe Finance B LLC

DISCLAIMER & DISCLOSURES

All Fitch Ratings (Fitch) credit ratings are subject to certain limitations and disclaimers. Please read these limitations and disclaimers by following this link: <https://www.fitchratings.com/understandingcreditratings>. In addition, the following <https://www.fitchratings.com/rating-definitions-document> details Fitch's rating definitions for each rating scale and rating categories, including definitions relating to default. ESMA and the FCA are required to publish historical default rates in a central repository in accordance with Articles 11(2) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 and The Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 respectively.

Published ratings, criteria, and methodologies are available from this site at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance, and other relevant policies and procedures are also available from the Code of Conduct section of this site. Directors and shareholders' relevant interests are available at <https://www.fitchratings.com/site/regulatory>. Fitch may have provided another permissible or ancillary service to the rated entity or its related third parties. Details of permissible or ancillary service(s) for which the lead analyst is based in an ESMA- or FCA-registered Fitch Ratings company (or branch of such a company) can be found on the entity summary page for this issuer on the Fitch Ratings website.

In issuing and maintaining its ratings and in making other reports (including forecast information), Fitch relies on factual information it receives from issuers and underwriters and from other sources Fitch believes to be credible. Fitch conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction. The manner of Fitch's factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management

of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors. Users of Fitch's ratings and reports should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information Fitch relies on in connection with a rating or a report will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to Fitch and to the market in offering documents and other reports. In issuing its ratings and its reports, Fitch must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings and forecasts of financial and other information are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings and forecasts can be affected by future events or conditions that were not anticipated at the time a rating or forecast was issued or affirmed.

The information in this report is provided "as is" without any representation or warranty of any kind, and Fitch does not represent or warrant that the report or any of its contents will meet any of the requirements of a recipient of the report. A Fitch rating is an opinion as to the creditworthiness of a security. This opinion and reports made by Fitch are based on established criteria and methodologies that Fitch is continuously evaluating and updating. Therefore, ratings and reports are the collective work product of Fitch and no individual, or group of individuals, is solely responsible for a rating or a report. The rating does not address the risk of loss due to risks other than credit risk, unless such risk is specifically mentioned. Fitch is not engaged in the offer or sale of any security. All Fitch reports have shared authorship. Individuals identified in a Fitch report were involved in, but are not solely responsible for, the opinions stated therein. The individuals are named for contact purposes only. A report providing a Fitch rating is neither a prospectus nor a substitute for the information assembled, verified and presented to investors by the issuer and its agents in connection with the sale of the securities. Ratings may be changed or withdrawn at any time for any reason in the sole discretion of Fitch. Fitch does not provide investment advice of any sort. Ratings are not a recommendation to buy, sell, or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect to any security. Fitch receives fees from issuers, insurers, guarantors, other obligors, and underwriters for rating securities. Such fees generally vary from US\$1,000 to US\$750,000 (or the applicable currency equivalent) per issue. In certain cases, Fitch will rate all or a number of issues issued by a particular issuer, or insured or guaranteed by a particular insurer or guarantor, for a single annual fee. Such fees are expected to vary from US\$10,000 to US\$1,500,000 (or the applicable currency equivalent). The assignment, publication, or dissemination of a rating by Fitch shall not constitute a consent by Fitch to use its name as an expert in connection with any registration statement filed under the United States securities laws, the Financial Services and Markets Act of 2000 of the United Kingdom, or the securities laws of any particular jurisdiction. Due to the relative efficiency of electronic publishing and distribution, Fitch research may be available to electronic subscribers up to three days earlier than to print subscribers.

For Australia, New Zealand, Taiwan and South Korea only: Fitch Australia Pty Ltd holds an Australian financial services license (AFS license no. 337123) which authorizes it to provide credit ratings to wholesale clients only. Credit ratings information published by Fitch is not intended to be used by persons who are retail clients within the meaning of the Corporations Act 2001.

Fitch Ratings, Inc. is registered with the U.S. Securities and Exchange Commission as a Nationally Recognized Statistical Rating Organization (the "NRSRO"). While certain of the NRSRO's credit rating subsidiaries are listed on Item 3 of Form NRSRO and as such are authorized to issue credit ratings on behalf of the NRSRO (see <https://www.fitchratings.com/site/regulatory>), other credit rating subsidiaries are not listed on Form NRSRO (the "non-NRSROs") and therefore credit ratings issued by those subsidiaries are not issued on behalf of the NRSRO. However, non-NRSRO personnel may participate in determining credit ratings issued by or on behalf of the NRSRO.

Copyright © 2022 by Fitch Ratings, Inc., Fitch Ratings Ltd. and its subsidiaries. 33 Whitehall Street, NY, NY 10004. Telephone: 1-800-753-4824, (212) 908-0500. Fax: (212) 480-4435. Reproduction or retransmission in whole or in part is prohibited except by permission. All rights reserved.

Endorsement policy

Fitch's international credit ratings produced outside the EU or the UK, as the case may be, are endorsed for use by regulated entities within the EU or the UK, respectively, for regulatory purposes, pursuant to the terms of the EU CRA Regulation or the UK Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019, as the case may be. Fitch's approach to endorsement in the EU and the UK can be found on Fitch's [Regulatory Affairs](#) page on Fitch's website. The endorsement status of international credit ratings is provided within the entity summary page for each rated entity and in the transaction detail pages for structured finance transactions on the Fitch website. These disclosures are updated on a daily basis.